

## Welfare Reauthorization

January 2005

### What is TANF Reauthorization?

The original TANF (Temporary Assistance for Needy Families) Block Grant expired on September 30, 2002. Since then, Congress has been unable to agree on reauthorizing legislation and the TANF program has continued to operate on temporary extensions which maintain current funding levels and program rules. The current 6-month extension runs out on March 31, 2005. By that date, Congress must either agree on a reauthorization bill or pass another extension.

### What changes have been proposed to TANF?

There are two key TANF proposals currently before Congress: H.R. 4, (which passed the House in 2003 and has been reintroduced in 2005) and the Senate's Personal Responsibility and Individual Development for Everyone Act (PRIDE). Key differences between them are:

- **Work requirements:** Both bills would boost work requirements for WorkFirst families. PRIDE sets a more modest standard for full-time participation, puts a higher value on part-time work, and maintains the full range of work activities that count toward meeting the federal participation rate.
- **Participation rates and credits:** Both bills would raise the proportion of families who must meet hourly participation requirements to 70 percent over five years, but they differ in the methods states can use to offset this rate. HR 4 modifies and lowers the caseload reduction credit while PRIDE offers a new credit for employment.
- **Transitional Medicaid:** This program covers health costs for families for up to a year after they leave welfare. HR 4 funds the program for one year and offsets the cost with a cut in Medicaid administrative funds. PRIDE funds it for five years and offers an additional year of extended medical benefits for the lowest-income families.
- **Sanctions:** HR 4 would terminate cash benefits when parents do not comply with work requirements for two consecutive months. PRIDE would retain current rules that allow grant termination as a state option.
- **Child care:** PRIDE now includes a total of \$7 billion in new mandatory child care funding over 5 years, while HR 4 has only \$1 billion. Both bills increase the quality set-aside.
- **Child support:** Both bills contain provisions that would allow an increase in the amount of child support going to TANF families.

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### Potential Fiscal Impacts

- Mandated sanctions and increased child support to families may reduce caseload and grant costs.
- New work requirements and participation rates would likely require more funds for work programs and child care assistance, while putting the state at greater risk of federal penalties if participation rates are not met.
- Proposed levels of child care funding in HR 4 would likely not meet the increased demand for child care assistance, particularly if more child care funding must be devoted to quality improvements.
- H.R. 4 proposes cuts in federal funding for post-TANF Medicaid coverage.
- Both bills would reduce child support reimbursements to the state.

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WorkFirst program, visit  
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